

**ITFC PROGRESS REPORT ON ENHANCING
INTRA-OIC TRADE**



ITFC report to the 37th Session of the COMCEC

24 – 25 November 2021

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A. Introduction

Message from ITFC CEO

It is my pleasure to present to the 37th Ministerial Session of the COMCEC this report on the progress achieved by ITFC to enhance trade and trade cooperation among OIC Member Countries and to support the implementation of the relevant resolutions of the Ministerial Session of the COMCEC.

As you know, ITFC commenced its operations in 2008 with a mandate to enhance trade among OIC Member Countries through providing trade finance and trade-related technical-assistance. Pursuant to this mandate, ITFC aims to be a recognized provider of trade solutions for OIC Member Countries' needs. From inception till end of 2020, the Corporation achieved commendable results in both trade finance and trade development. Total cumulative approvals and disbursements reached US\$54.88 billion and US\$44.92 billion, respectively. Total cumulative funds mobilized from partner banks and financial institutions reached US\$32.80 billion, reflecting ITFC's critical role as a catalyst to attract funding for large-ticket trade transactions for the benefit of Member Countries. Despite the recurring global financial and economic slowdown, ITFC succeeded to increase its trade finance approvals while focusing on creating impact on Member Countries' trade and economic development. In this regard, I am pleased to inform that ITFC continues to measure the development impact of its interventions through its Development Impact Framework (DIF).

This report also elucidates how supporting trade development and cooperation amongst OIC Member Countries remained the primary focus of ITFC. In this regard, ITFC expanded its partnerships with international, regional, and national institutions to design and deliver trade related technical assistance to Member Countries through its various Flagship Programs. The interventions fall under the domain of capacity building, trade promotion, trade facilitation, development of strategic commodities and trade mainstreaming.

Once the COVID-19 pandemic emerged and posed unprecedented challenges to the global economy, ITFC swiftly repurposed its financing engagements and made available new financing to focus on the critical needs of OIC member countries. ITFC's initial Rapid Response Initiative made US\$300 million available to assist OIC member countries. These funds were directly funneled towards eligible OIC member countries in most need of support – for critical supplies of energy, healthcare, food security and other life support requirements. In fact, ITFC exceeded this amount, reaching total approvals of US\$604.7 million, supporting member countries across the developing world, from Middle East and Africa to Asia and CIS countries.

Moreover, as part of its Recovery Response Initiative, ITFC allocated an additional US\$550 million to support strategic sectors, as part of the Islamic Development Bank (IsDB) Group US\$2.3 billion 3Rs (Respond, Restore, Restart) Strategic Preparedness and Response Program (SPRP) for COVID-19 pandemic.

It should be noted that while implementing the R1 (Respond) initiative, in line with the emerging needs and requirements of the OIC member countries, ITFC commenced activities under R2 (Restore) initiative, where the Corporation has already approved US\$557 million in favor of regional and local banks and financial institutions for the recovery of SMEs and the private sector clients from the negative impact of the pandemic, as well as for the purchase of vaccine. The R2 initiative is ongoing with approvals being allocated in support of the private sector and SME recovery expected to grow over the coming few years.

As a custom, ITFC continues to work closely with the OIC Institutions to create the required synergy for developing and implementing programs and to further capitalize on mutual strengths and experiences to contribute to the accomplishment of the objectives set by the OIC Plan of Action-2025 and COMCEC Strategy.

The strategic framework of ITFC in the coming years will focus on several objectives including building partnerships to create sustainable development impact through providing integrated trade finance and trade development solutions to Member Countries. Furthermore, as an active player on the global front, ITFC remains committed to efforts aimed at achieving the SDGs.

ITFC will continuously make efforts to develop customized Shariah compliant trade solutions programs, facilitate knowledge & experience transfer between Member Countries, diversify ITFC's trade finance, and support OIC trade development and cooperation initiatives.

Finally, ITFC is pleased to note the confidence reposed by the Member Countries and its development partners in the attainment of its vision and mission.

Brief about ITFC

Commenced Operations on	January 10, 2008
Headquarter	Jeddah, Saudi Arabia
Member	The Islamic Development Bank Group
Mandate	Contribute to economic development of Member Countries through trade advancement
Authorized Capital	US\$3 billion
Subscribed Capital	US\$857.19 million
Paid- Up Capital	US\$745.17 million
Cumulative Approved Trade Finance Operations (2008– 2020)	839 operations, totaling US\$54.88 billion
Cumulative Disbursements (2008 – 2020)	US\$44.92 billion
Approved Trade Finance Operations (2021 first 9 months)	US\$ 5.32 billion

Disbursements (2021 first 9 months)	US\$ 3.39 billion
Cumulative Approvals by Sector (2008 – 2020)	Energy Sector = US\$37.20 billion Agriculture Sector = US\$7.10 billion Financial Sector = US\$5.30 billion Other Sectors = US\$5.23 billion
Cumulative Approvals by Region (2008 – 2020)	Asia and Middle East = US\$41.3 billion Africa and Latin America = US\$13.5 billion
Total Number of Clients Served (2008 – 2020)	580
Total Number of Member Countries Served (2008 – 2020)	45
Share of LDMCs in Cumulative Trade Finance Approvals (2008-2020)	US\$21.3 billion, representing 39% of the portfolio
Share of Intra-OIC Trade in Cumulative Trade Finance Approvals (2008-2020)	US\$30.3 billion, representing 55% of the portfolio

Key Achievements up to 01 October 2021

Launch of ITFC 2.0 Strategy Plan – to identify areas to enhance the business model and ultimately better address current challenges and client needs. The move aims to build a structurally new business model capable of generating sustainable returns, growth across trade finance markets, development of new products and new lines of business, good visibility on global platforms and achieving organizational excellence.

ITFCs growth momentum began to slow down as global markets witnessed heightened economic uncertainty, protectionist trade policies and geo-political tension across 2019. These impacts were compounded with the emergence of COVID19 during early 2020, resulting in a global pandemic – creating systemic shocks in the form of a health crisis, economic crisis and a commodity crisis.

The result has been a grinding halt to global trade activity, the severe impact of which is evident today. According to the IMF World Economic Outlook Update (January 2021):

- World trade volumes growth declined from +1.0% in 2019 to -9.6% in 2020, a negative change of -10.6%
- Global economy growth declined from +2.9% in 2019 to -3.5% in 2020, a negative change of -6.4%
- Emerging markets and Developing Economies growth declined from +3.7% in 2019 to -2.4% in 2020, a negative change of -6.1%

- Low-income Developing Countries growth declined from +5.3% in 2019 to -0.8% in 2020, a negative change of -6.1%
- The average LIBOR US Dollar Deposits (six-month) rate declined from 2.3% in 2019 to 0.2% in 2020

ITFC conducted a strategy review in Q2 2020. The results indicated that the ITFC Corporate Strategy remains sound, however adjustments to the business model are required to take advantage of opportunities in the ‘new-normal’ market.

Through prudent strategic planning, ITFC has been able to pursue an innovative direction with a five-year medium-term Strategy 2.0 plan to address the growth opportunities stemming from the COVID19 associated crisis.

The following five strategic vectors have been prioritized as part of the plan to enhance the ITFC 10-year strategic direction and ITFC business model.

2.1 Sovereign Market Strategy

ITFC’s ability to capture a larger market share of sovereign clients will in part dictate the growth rate of the Corporation for the years to come. The Corporation has developed a route-to-market strategy to facilitate the expansion of new large ticket sovereign clients.

The scope covers trade financing for non-fragile, active and inactive Member Countries. The expansion into sovereign opportunities, particularly within inactive member countries, opens new markets for ITFC in its quest to increase intra-OIC trade. ITFC’s intervention into these markets also supports its vision of becoming the leading trade finance solutions provider in its member countries with Islamic trade finance solutions.

2.2 Diversification Strategy

A diversification strategy has been developed to diversify the fully funded trade finance portfolio across sectoral and geographic markets, while rapidly scaling up the non-funded guarantee portfolio.

Over the coming five years, ITFC will aim to achieve a strategically diversified trade finance portfolio through a series of (1) *product*, (2) *sector* and (3) *geographic* rebalancing activities. Diversification will take place across commercially attractive target markets within viable investment grade Member Countries.

2.3 New Profit Formula Strategy

New business lines and commercial propositions have been identified to diversify ITFC’s sources of income. This is expected to minimize profitability exposure to volatile oil commodity demand cycles and historically low levels of inter-bank lending rates.

Furthermore, the new profit formula will support the development impact of interventions within Member Countries and attract new segments of markets and clients.

2.4 Funding Strategy

A set of new funding opportunities have been identified and is expected to result in additional on-balance sheet funding. It will also lead to an extensive diversification of funding resources, a wider coverage of member countries financing needs and exercising bigger developmental impact on the members' economies.

2.5 Enhanced Organizational Capacity Strategy

Enhancement of the ITFC organization structure, people, and process form part of the strategy to adapt to new ways of doing business in a post-COVID19 landscape. This is essential to deliver a significant performance step-change and deliver the Strategy 2.0 plan.

Moody's Investors Service, ("Moody's") has affirmed the International Islamic Trade Finance Corporation's (ITFC) A1 long-term foreign-currency issuer rating. ITFC's short-term foreign-currency issuer rating was also affirmed at Prime-1. The outlook remains stable. The rating affirmation reflects ITFC's strong capital position and is also supported by its very robust liquidity position and the nascent track record of accessing market financing. ITFC's membership in the Islamic Development Bank (IsDB, Aaa stable) group underpins the corporation's high strength of member support. The stable outlook reflects Moody's expectation that the corporation's planned leveraging of its balance sheet will remain gradual and that the formation of new non-performing exposures (NPE) will remain subdued.

Across 2020, ITFC financed the purchase of 1.5 million ton of food commodities to ensure that over 25 million households in member countries have access to affordable, safe and sufficient food. Through its pre-export facilities, ITFC redistributed US\$ 240 million worth of income to 600,000 farmers for the purchase of agriculture commodities.

Over 62,000 patients, 2,500 health workers and 40 medical facilities have benefitted from PPE, medical equipment and pharmaceutical products purchased from ITFC financing in 2020

Over 7500 MSMEs have benefitted from US\$ 373 million of financing channeled through 26 partner banks

Adoption of Integrated Trade Programs - ITFC is innovating in the way operations are structured through the introduction of Integrated Trade Programs. The Projects are defined as an approach that includes trade financing with a soft intervention component such as capacity development.

Launching of Arab Africa Trade Bridges (AATB) Program – ITFC launched a flagship trade development program, which is designed to enhance trade as a tool to expand economic opportunities and support inclusive and sustainable growth across the Arab and sub-Saharan OIC member countries.

Launching of the West Africa SMEs Program – ITFC has launched this flagship program in 2018, aiming at building the capacity of the SMEs in selected Member Countries to enable them to benefit from the lines of financing extended by ITFC to partner banks in those countries.

Launching of the C.I.S Trade Development Program (design phase) - ITFC is developing a program to strengthen the capacities of the trade support institutions and the private sector in the C.I.S region Asian countries, in partnership with stakeholders and developing partners.

In 2021 ITFC scaled up the LC Confirmation product offering, which is aimed at facilitating trade flow between the member countries and beyond, enhancing partnerships with local and regional Banks and Financial Institutions for private sector and SME support, as well as ensuring the steady supply of essential goods and commodities.

Building on the achievements of previous years, during the first 9 months of 2021 (as of 01 October 2021), ITFC recorded approvals and disbursements of US\$5.32 billion and US\$3.39 billion respectively. For the same period, the share Intra-OIC trade equaled to US\$3.1 billion, representing the 58% of the trade finance approvals.

Excerpts from RESOLUTION OF THE THIRTY SIXTH SESSION OF THE COMCEC (Istanbul, 25-26 November 2020, OIC/COMCEC/36-20/RES)

Report on the COMCEC Strategy and Its Implementation (Agenda Item: 2)

17- Expresses its appreciation to the COMCEC Coordination Office, SESRIC, ICDT, IDB Group, ICD, ICIEC, ICCIA, and SMIIC for their efforts towards the implementation of the COMCEC Strategy.

18- Reiterates the relevant resolutions of the 34th and 35th COMCEC Session, which emphasize the role of COMCEC in ensuring the overall coordination of the activities of the OIC relating to economic and commercial cooperation among the Member States, in accordance with its mandate and also emphasizes the role of COMCEC Coordination Office (CCO) in undertaking activities with the Member States, the OIC Institutions and other international organizations in order to realize the objectives of the COMCEC as outlined in its Statute.

19- Also reiterates its request to the OIC Institutions working in the economic and commercial fields to continue coordination with the COMCEC Coordination Office, including through the Sessional Committee, in order to ensure progress and complementarity in the implementation both of the COMCEC Strategy and the OIC 2025: Program of Action, especially in the areas of trade and investment.

21- Requests the concerned Member States to actively participate in the activities to be organized by the COMCEC Coordination Office, SESRIC, ICDT, IDB Group (ITFC), ICCIA, and SMIIC in the cooperation areas of the COMCEC Strategy and calls upon these institutions to send invitations to the Member States sufficiently in advance of the meetings so as to ensure their participation.

Intra-OIC Trade (Agenda Item: 5)

34- Expresses its appreciation to ITFC for organizing the following activities in trade domain:

- Capacity Development Programs, with Arab Tourism Organization, to support the recovery of Tourism sector in Arab countries post-COVID-19,

- E-Learning and Knowledge Sharing Platform and webinars on "Preparing for and Responding to the COVID-19 Pandemic in African IsDB Member Countries",
- Support with equipment and Capacity Development on preparing and responding to COVID 19 Pandemic for the Laboratories network in the 10Sub-Saharan countries (ongoing) with in the IsDB reverse linkage,
- Harmonization of Standards for Pharmaceuticals and Medical Devices in African Countries: (ongoing),
- Support the setting up the Tunisia National Center for Education Technologies "CNTE" Information and Communication Technology "ICT" Academy.

iv) Trade Financing Activities

57- Appreciates the trade finance, promotion and development activities of ITFC and the mobilization of funds from the international market and development partners for funding the trade operations in the Member States, contributing towards the achievement of intra-OIC trade target of 25 percent.

58- Takes note with appreciation that ITFC's cumulative approvals and disbursement in trade finance reached, since its inception until now, USD 53 billion and USD 43 billion respectively, and its total approvals and disbursement as of end June 2020 reached USD 2.40 billion and USD 2.494 billion respectively.

59- Commends the efforts of ITFC in financing SMEs and the Least Developed Member Countries and intra-OIC trade and takes note of its efforts to diversify its portfolio and extend more financing for agriculture sector that has direct and prominent impact on improving productivity, job creation, increasing export revenues and alleviating poverty.

60- Welcomes the efforts of ITFC for conducting special programs to mitigate the adverse implications of COVID-19 pandemic in the OIC Member Countries on trade and business development where ITFC allocated USD 605 million in favor of OIC Member Countries for the purchase of medical supplies, food staples and SMEs / private sector support. Also, welcomes ITFC efforts in establishing a USD 1.5 billion facility in partnership with AfreximBank and BADEA to provide financial assistance to Africa countries to cushion the economic impact of COVID-19, from which OIC Member Countries in Africa are among the beneficiaries.

61- Calls upon the concerned Member States to complete their membership requirements for the institutions of the IDB Group (ITFC and ICIEC) so that the IDB Group implements its mandate successfully.

62- Takes note of the trade promotion and capacity development initiatives being implemented by ITFC under its various flagship programs including Aid for Trade Initiative for Arab States (AFTIAS), Arab Africa Trade Bridge Program (AATB), Trade Development Fund and West Africa SMEs Program.

63- Takes note with appreciation of the efforts of the ITFC in implementing Integrated Trade Solution Programmes, including Indonesia Coffee Development Programme, Guinea Reverse Linkage Programme, the Cotton Bridge Programme, Program for the Development of Dates Sector in Medina Region, Rapid eTrade Readiness Assessment of Iraq, the Gambia Afflatoxin Mitigation Programme, and various programmes for Tunisia, Bangladesh, Pakistan, CIS Countries, Afghanistan, Burkina Faso, Comoros, and Djibouti.

64- Also takes note with appreciation of ITFC's efforts for the diversification of Islamic Financial Instruments, supporting training programs on Islamic finance and promoting Islamic Finance solutions at international fora.

65- Welcomes of the ITFC's high level Capacity Building Program provided to CIS countries and Afghanistan on Islamic Finance, as part of its trade-related Technical Assistance Programs provided to Member Countries and calls upon the relevant OIC Institutions to join and support these efforts.

Increasing Productivity of Agriculture Sector and Sustaining Food Security (Agenda Item: 9)

105- Also takes note of the efforts of the IDB Group in agriculture sector including the launch of the Regional Rice Value Chain Development Program for the benefit of 10 OIC countries (Benin, Burkina Faso, Cote D'Ivoire, The Gambia, Guinea, Mali, Niger, Senegal, Sierra Leone and Sudan) in Sub-Saharan Africa and the support for the Regional Soil Fertility Mapping Project of West Africa involving six OIC counties (Cote D'Ivoire, The Gambia, Guinea, Mali, Senegal and Sierra Leone) in West Africa with the aim of improving crop production and productivity in the targeted areas.

ITFC Trade Finance Operations

ITFC fulfills its mandate through two main lines of business: 1) Trade Finance, and 2) Trade Development. On the trade finance side, ITFC extends trade financing to sovereign governments, private & public sector companies, and Small & Medium Enterprises (SMEs) through lines of financing extended to local and regional Banks and financial institutions.

ITFC's achievements since the commencement of operations in 2008 (1429H) have been remarkable in both trade financing and trade development arenas. From inception until end of 2020, total cumulative approvals and disbursements reached US\$54.88 billion and US\$44.92 billion, respectively. Total cumulative funds mobilized from partner banks and financial institutions reached US\$32.80 billion, reflecting ITFC's critical role as a catalyst to attract funding for large-ticket trade transactions for the benefit of Member Countries. Furthermore, ITFC continues to extend financing to a number of Member Countries under the multi-year framework agreements in place for many of the large-ticket sovereign clients. Regional initiatives such as the Africa Initiative continues to make noticeable progress.

In 2020, despite the challenging operating environment caused by COVID-19 pandemic, ITFC performed remarkably well. Its business model remained resilient in the delivery of its mandate by sustaining its support, as evidenced by the impact and additionality of its intervention in Member Countries. As such, out of the total trade finance approvals, 37% was allocated to Least Developed

Member Countries. In addition, 77% of approvals, representing US\$3.6 billion, supported trade between OIC member countries.

ITFC continues to enhance its development impact by illustrating noticeable achievements in moving away from transaction-based model of trade support to a program-based approach, where trade finance operations are integrated with trade development and capacity building in order to multiply the development impact.

In addition, the Corporation continues to deliver on its commitments and maintain its solidarity with Member Countries on sectors that are key to economic and social development, particularly energy, agriculture, and SMEs' access to finance.

While taking the challenging market conditions into consideration caused by the emergence of the pandemic, ITFC stepped into 2021 with confidence to deliver on its mandate and serve its member countries by “advancing trade and improving lives”.

In this respect, building on the achievements of previous years, during the first 9 months of 2021 (as of 01 October 2021), ITFC recorded approvals and disbursements of US\$5.32 billion and US\$3.39 billion respectively. For the same period, the share Intra-OIC trade equaled to US\$3.1 billion, representing the 58% of the trade finance approvals.

Trade Finance Interventions under COVID-19

The outbreak and rapid spread of COVID-19 has resulted in an unprecedented crisis in health and economies in OIC member countries and around the globe. ITFC responded well to these challenges, demonstrating solidarity with member countries. ITFC, as part of the IsDB Group 3Rs Response Initiative, rapidly allocated US\$300 million in emergency financing in the first phase of its intervention, to mitigate the socio-economic obstacles faced by OIC member countries. However, due to the severity of the crisis, it was observed that the needs of the member countries extended beyond just medical supplies to include food and other essential commodities. To this end, the intervention was scaled up with a total allocation of US\$604.7 million under the R1 (Respond) initiative, which included both new and repurposed facilities to fund the purchase of medical supplies, food items and other essential commodities.

Furthermore, as part of its Recovery Response Initiative, ITFC has allocated an additional US\$550 million to support strategic sectors over the next two years, as part of the Islamic Development Bank (IsDB) Group US\$2.3 billion 3Rs (Respond, Restore, Restart) Strategic Preparedness and Response Program (SPRP) for COVID-19 pandemic. As of 01 October 2021, under R2 (Restore) initiative, ITFC has allocated US\$557 million to regional and local banks and financial institutions for the recovery of SMEs and the private sector clients from the negative impact of the pandemic, as well as for the purchase of vaccine.

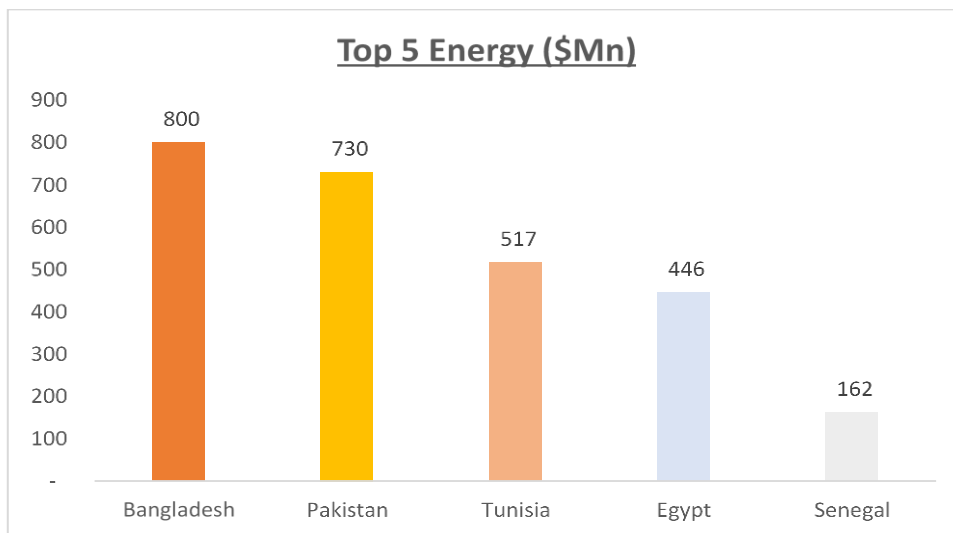
Moreover, ITFC was appointed by IsDB as an Agent for implementing trade finance related operations under the R1 by an agency agreement signed in May 2020. As of 01 October 2021, total disbursements processed by ITFC on behalf of IsDB reached US\$309.0 million.

Sustaining Access to Energy

Sustainable and uninterrupted supply of energy is the key to economic and social development. ITFC helps the MCs, particularly the LDMCs, to combat poverty through providing needed financing for ensuring adequate supply of energy, which has multiple impacts on productivity, health, education, sustainable employment, food and energy security.

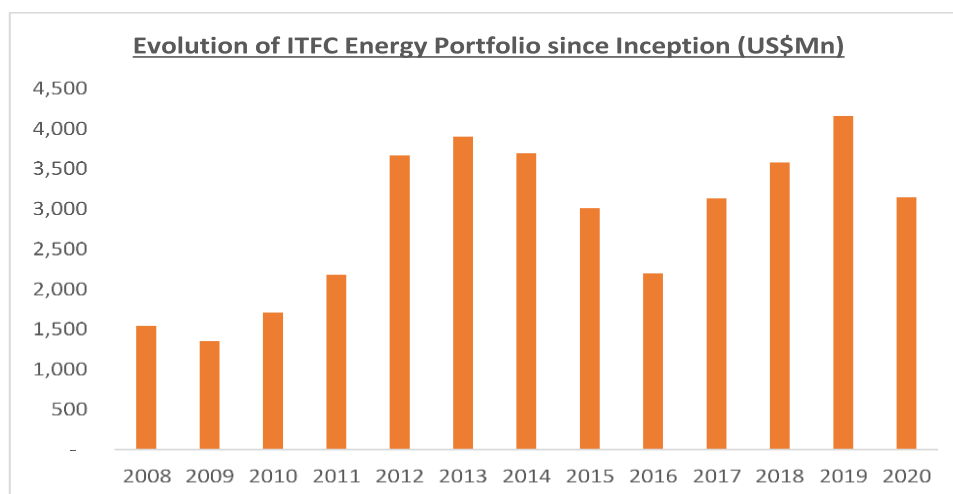
Therefore, improving access to energy is crucial to unlock the potentials for faster economic and social development in MCs. In this context, ITFC considers supporting the energy sector as one of the main pillars of its strategy and objectives. As such, ITFC continues to act as a reliable and steadfast partner in providing financing to secure fuel and electricity supplies in order to maintain stable electricity generation and reaching large number of the populations including those residing in rural areas.

Figure 1: ITFC Energy Financing Approvals for Top 5 Beneficiary Countries in 2020 (US\$ Mn)



In many Member Countries where there are only limited financiers willing and able to fund energy sector-related transactions, which often require sizable funding, ITFC acts as a catalyst in mobilizing resources from international markets to fund large size syndicated deals.

Figure 2: ITFC Energy Financing Portfolio 2008 – 2020



Energy products financing represented 67% of total approval in 2020, balanced between crude oil and petroleum products financing. In the first 9 months of 2021, ITFC extended US\$3.1 billion to meet the energy security needs of the OIC Member Countries, which represents 58% of total approval for the same period.

The bulk of the energy-related financing are extended to OIC Member Countries in MENA, Asia and Sub-Saharan Africa.

Agriculture & Food Security

ITFC's interventions in food and agriculture sector continues to cover commodities that help the Member Countries to create jobs, improve productivity, alleviate poverty, and bolster food security.

It is worth mentioning that ITFC provides significant support to food security in Sub-Saharan Africa, where a large portion of the trade finance portfolio is allocated to the agricultural sector, which has strong impact on enhancing food security for the countries. In fact, agriculture accounts for the largest share (59%) of ITFC's trade financing portfolio for Sub-Saharan Africa. Although agriculture financing is primarily for cash crops (namely cotton and groundnuts), it nonetheless helps boost food security as farmers use part of the agricultural inputs funded by the financing to grow food crops. Also, the funding allows farmers to receive timely payments for their crops, thereby enhancing their household income.

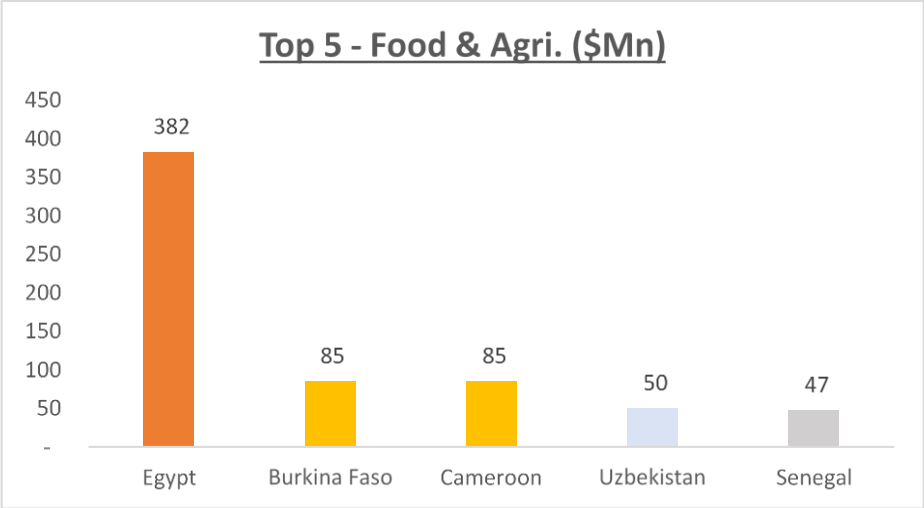
The following are some of the measures taken to enhance food security and further support the agriculture sector:

- Synergy and partnership with IsDB Agriculture Department to collaborate on boosting financing to the agriculture sector in Member Countries
- Partnership with the new OIC Islamic Food Security Organization
- Providing Integrated Trade Solutions
- Direct business matching between importers and exporters.

In 2020, the trade finance approvals for the food and agriculture sector amounted to US\$721 million, in favor of 8 member countries, representing 15 percent of the total portfolio. Since the beginning of 2021 until 01 October 2021, ITFC has allocated US\$1.73 billion in favor of beneficiaries representing the food and agriculture sector.

In addition to supporting the food and agriculture sector directly, ITFC also allocates funds to local banks through Lines of Financing in support of the sector. For instance, in 2021 ITFC allocated 15 million Euros to Islamic Bank of Senegal, which used the funds to import food items.

Figure 3: ITFC Agriculture Financing Beneficiary Countries for 2020.



The following are the key features of ITFC’s financing in this food and agriculture sector: The agriculture portfolio is balanced between the important import commodities (such as raw and refined sugar, fertilizers and other agriculture inputs) and support of key export commodities (such as cotton, groundnut and grains);

Middle East, Africa and CIS accounted for the largest share in this portfolio with the main beneficiaries being Egypt, Burkina Faso, Cameroon, Uzbekistan, and Senegal.

In addition to the interventions in Sub-Saharan Africa, ITFC also extended funding in support of agriculture-related products such as edible oil and wheat (Egypt), rice (Comoros), coffee beans and oil (Indonesia), wheat, rice, and sugar (Tajikistan) and agriculture input (Uzbekistan).

Access to Finance for SMEs

Small and Medium Sized Enterprises (SMEs) are considered one of the major components of the economy, as SMEs play a crucial role in job creation, poverty alleviation and revenue generation. However, limited access to finance among the SMEs still remains a major obstacle for their business expansion and growth.

Since the emergence of COVID-19 pandemic, ITFC has further prioritized the importance of establishing partnerships with regional and local Financial Institutions (FIs) for the provision of

alternate sources and modes of financing for private sector support, with a particular focus on SMEs.

In line with the above, in 2020 and 2021 ITFC continued to enhance its cooperation with existing partnerships and made fresh efforts to establish new partnerships with FIs aimed at enabling SMEs so that they can access needed financing for their trade operations. This not only contributes to creating needed access to finance, but it also helps promote Islamic banking as partner banks are introduced to Islamic financing instruments.

To this end, in 2020, ITFC established new partnerships with 8 Banks and FIs in member countries such as Bangladesh, Maldives, Cote d'Ivoire and Uzbekistan among others. The total amount of financing for SME support equaled US\$427 million. As of end 2020, the total number of active Bank partners stands at 26, The Lines of Financing extended by ITFC will help the SMEs to access trade finance resources and contribute towards the recovery of SMEs from the negative impacts of the pandemic.

Furthermore, in the first 9 months of 2021, ITFC allocated US\$353 million in a favor of its partner banks and financial institutions for supporting SMEs and private sector with their recovery from the negative impact of the COVID-19 pandemic. These funds were allocated in favor of banks and financial institutions in OIC Member Countries like Bangladesh, Burkina Faso, Cote d'Ivoire, Egypt, Gambia, Kyrgyz Republic, Maldives, Mali, Senegal, Suriname, Uzbekistan Regional (Africa).

Mobilizing resources for funding Trade

The COVID-19 pandemic caused an unprecedented disruption to the debt and syndications market all over the world. During the early months of the pandemic, the syndication market dried up completely as there was no roll-over of existing loans and no new syndicated loans were issued in the market, with the fear of severe deterioration of creditworthiness of sovereign borrowers, rating downgrades, and possibility of defaults or at best rescheduling of debt. This all forced the majority of financial institutions in the region – among which many are ITFC's syndicate partners – to limit their participation in ITFC's syndications during the pandemic. Syndications raised by ITFC during this difficult period faced severe mobilization challenges as the common syndicate participants shed away from their regular participation, hence ITFC was left as the only significant figure in the syndication market during this period. Despite these challenges, in the first 9 months of 2021, ITFC succeeded in mobilizing around US\$3.7 billion from Syndicate Partners in the market, to fund 34 operations in favor of 13 member countries and 2 regional financial institutions. The mobilized funds from the market represent 69 percent of the total trade financing provided by ITFC for the first 9 months of 2021.

Grant Mobilization for Trade Development

Facing an increased demand for trade development from its member countries, ITFC has increased its seed funding contribution to enable mobilization of resources from external partners, including Governments, MDBs, development agencies and project-oriented donors and sponsors. The total amount of grant mobilization stood at US\$1,428,745 in 2020 and it was mobilized from a variety

of donors including Governments, Afreximbank, BADEA, EIF, ICC and SESRIC. These grants combined with the Corporation' Strategic Partnerships, were crucial in implementing important programs and projects.

Trade and Business Development

Regarding the trade development area, and within its newly adopted strategy 2016-2025, ITFC offers Trade Integrated Solutions, combining trade finance with trade development components, designed to address some of the trade development challenges of its Member Countries and key partners. In this regard, ITFC blends its trade development interventions, including its Trade Related Technical Assistances (TRTAs), with its trade finance solutions in designing and implementing thematic and regional trade integration and development programs.

Some examples of the trade integrated programs include, (i) the Indonesian Coffee Export Development Program, (ii) Senegal Integrated Solutions for the benefit of SONACOS and (iii) the West Africa SMEs Program. All projects incorporate trade development and trade finance components, with the aim to address twin challenges of the sectors and countries such as limited access to finance and international markets, development of sectorial and regional competitiveness through implementation of capacity development programs and trade facilitation measures.

Below is an overview of the initiatives and projects currently in the Trade and Business Development portfolio.

Trade and business development interventions during the COVID-19 outbreak

Support the setting up the Tunisia National Center for Education Technologies "CNTE" Information and Communication Technology "ICT" Academy: The International Islamic Trade Finance Corporation (ITFC) is to support the establishment of the Tunisia National Centre for Education Technologies (CNTE) as part of the Islamic Development Bank (IsDB) 3 R's COVID-19 Response Program to allow for remote learning through virtual classrooms in the wake of mass school closures during the pandemic.

Support the mitigation of COVID-19 impact on the dairy sector's food security and safety in Sudan (ongoing): The Republic of the Sudan, through the UNIDO made a request for support in financing the purchase of food supplies to face the COVID-19 situation. Simultaneously, UNIDO in collaboration with the Ministry of Industry and Trade of the Sudan will arrange the available local dairy sector producers of the above emergency goods, to provide food package relief program support to the country.

Arab-Africa Trade Bridges Program (AATB): Update on the AATB COVID-19 response:

The actual level of inter-regional trade between Arab States and African Member countries does not reflect the trade potentials between both regions. For this reason, the AATB Program continue to design and implement activities aiming at creating and boosting trade and business flows between both regions.

AATB Program aims to be a dynamic platform for including components of development and cooperation among Arab and African partners to serve the purpose of economic integration in

various sectors such as Agriculture and Agro-Industries, Pharmaceuticals, Infrastructure and Transportation, Petrochemicals, Building Materials and Technology.

The Executive Committee of the AATB program, in its meeting held virtually on 9 April 2020, has approved an “AATB Response to COVID-19 Crisis”, in order to strengthen the capacities of member countries to respond to the pandemic and enhance the resilience of the health sector in the countries of both the African and Arab regions.

In this regard, it was decided to work on a contingency plan to assist Arab & African countries to overcome the impacts of the crisis through different activities. A very important and ambitious interventions were implemented in benefit of the Arab & African countries:

AATB Investment Pillar Webinar (8 February 2021)

With the global economic environment remaining under duress despite efforts to curb the pandemic, many member countries in the Arab and African regions continue to remain vulnerable. In February, under the umbrella of the Arab-Africa Trade Bridges (AATB) Program, ITFC alongside the Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC) and the Islamic Corporation for the Development of the Private Sector (ICD), in collaboration with IsDB Group Business Forum “THIQAH”, hosted a webinar on key trade finance and investment components aimed at fostering regional trade. Over 1,000 development institutions, sovereign funds, banks, investment and private equity companies, and key government and corporate sector representatives were in attendance.

Discussions centered around bridging the gap between the regions by leveraging the investment, trade, and insurance pillars of the AATB program to drive business opportunities across key industries such as agro-food, health, and pharmaceuticals, building and construction materials and equipment, as well as machinery and electrical equipment.

More than 1,290 participants have attended the webinar through Zoom and YouTube representing 90+ countries.

The survey results indicated 95% satisfaction rate, and many positive comments and feedback were received.

More than 1,000 media partners have published our news.

Harmonization of Standards for Pharmaceuticals and Medical Devices - (Phase 2)

With the progress made toward the implementation of AfCFTA beginning of 2021, it is recognized the need for a well-informed and appropriate prioritization strategy for the development and harmonization of standards in the sector.

After successful implementation of the phase 1 during 2020, the AATB in collaboration with Afreximbank, BADEA, and ARSO, launched the second phase of the project which involves the analysis of existing international, regional and national standards for their suitability to be adopted as African Standards. These will then be notified to Member States for adoption compliance as National Standards. The project work started in September 2020 and has been organised into three

technical committees with the main purpose of developing and harmonising standards that respond to the project objectives.

In the concluded Phase 1, the technical committees were able to harmonise a total of 120 standards within a period of 6 months.

In the Phase 2, the Experts have identified so far 228 standards to be harmonized during the current year and a report about the progress will be presented by end of 2021 to assess the benefits.

Regional Networking E-vent Africa & Middle East – Factors Chain International FCI (23 March 2021)

Highlighting about the Arab Africa Trade Bridges to the African & Middle East Members.

An opportunity to explore the current situation in different African regions in terms of exchange and to cooperate with partners to enhance Inter African trade⁴⁵ participants attended the presentation discussing Business opportunities and benefits of membership to the AATB.

Egypt Country Program (year 2)

The 2021 Plan focused on integrated trade solutions to support the Egyptian entities through trade financing and development components that provide institutional support and build capacities, focusing on priority sectors, including the cotton value chain, driving female entrepreneurship, and boosting SME growth.

Developing Egyptian exports to access African markets

The Market Access Requirements Program for African Markets was launched as part of AATB in partnership with the Export Development Authority (EDA) under the Patronage of H.E the Minister of Trade and Industry of Egypt. The program financed key export development programs implemented by the Authority to support the access of Egyptian exports to African markets across industries such as building materials, chemicals, medical and pharmaceuticals, engineering, printing, packaging, paper products, and furniture. Target African markets include Kenya, Uganda, Tanzania, Ethiopia, and Rwanda in the east, along with Senegal, Cote d'Ivoire, Nigeria, Ghana, Cameroon, and Guinea in the west, as well as South Africa, Angola, Zambia, and Zimbabwe in the south.

3 Workshops held for exporting companies in Cairo (20 December 2020, and 6 June 2021) and Damietta (8 March 2021) were aimed at facilitating knowledge transfer on the technical requirements, export planning and guidance services required to effectively access African markets.

Given the rising demand for export in Egypt and the need to enable new exporters, the Egyptian Exporters Association Expolink, in collaboration with the Foreign Trade Training Centre (FTTC) and under the auspices of the Federation of Egyptian Industries, provides the Export Incubator Program (EIP) as a recurrent academic - practical program that aims to build the export capacity in Egypt, which in turn on the long term reach its impact for more job creations, adding to inclusive social and economic development.

EIP offered a comprehensive export support program ranging from incubation services, training, adding to facilitating the access to finance and various market linkages.

EIP is directed to initiating, developing and supporting the export journey of young entrepreneurs, fresh graduates, innovative start-ups, local manufacturers or established enterprises that are willing to export successfully to global markets. Through the online learning mode, participants get an opportunity to acquire both an inclusive academic knowledge coupled with practical mentoring that is designed to cover the export business fundamentals to be well equipped for exploiting the export global opportunities and to explore the various export related career options.

Through the Arab Africa Trade Bridges (AATB) Program, ITFC partnered with Expolink in the implementation of this program which started on 20 June 2021 (for a duration of 6 months), in cooperation with the Egyptian Foreign Trade Training Center (FTTC).

OCP Agribooster Program: 2021 Emergency Rice Program in Côte d'Ivoire

ITFC partnered with OCP Africa for supporting OCP Africa's Agribooster Program to reach rice farmers and enhance agriculture value chains within Côte d'Ivoire.

The program will benefit 20,000 farmers. It serves as an end-to-end value chain solution that brings together all the conditions necessary for improving rice productivity and small farmers revenues, including the provision of high-quality fertilizers and hybrid seeds, training on good agricultural practices and soil fertility, as well as market linkages. The program will also serve to safeguard the health of the country's farmers in the wake of COVID-19 through the provision of personal protective equipment to smallholder farms.

The Agribooster program, which comes under the umbrella of OCP Africa and is dedicated to the sustainable development of agriculture, requires extensive training in good agricultural practices and regular monitoring throughout the year.

Support with equipment and Capacity Development on preparing and responding to COVID 19 Pandemic for the Laboratories network in the sub-Saharan countries:

In alignment with the IsDB Group 3Rs emergency Package, ITFC, through the Trade and Business Development pillar and the Arab Africa Trade Bridges Program considered the request from Institut Pasteur to support the network of laboratories in West Africa with necessary medical equipment and to facilitate the transfer of knowledge and expertise from IPD to laboratories in West Africa region.

The main objective of this regional initiative was to develop the human capacities of the Laboratories network and to provide the necessary medical equipment for the 10 laboratories. the Institut Pasteur de Dakar and its network in 10 sub-Saharan countries benefitted from this project.

Study on Bangladesh Petroleum Corporation (BPC) Storage Facility

ITFC has observed that BPC historically imports (i) crude oil as per the refinery capacity, (ii) refined petroleum products as per the remaining monthly requirements and (iii) storage capacity at the prevailing market price. Due to limited refinery and storage capacity, BPC cannot avail the

advantage of lower international petroleum price and unable to maintain sufficient petroleum inventory level for long term usage in-line with Country's demand.

To address the above challenges, and to minimize the demand-supply gap, the Govt. of Bangladesh has invigorated its effort to identify the optimum and ideal inventory days of the BPC storage facility and enhance gas production along with initiatives to import significant quantity of LNG. In this regard, and based on the request of BPC, ITFC supported the Govt. of Bangladesh with a Study to assess the current BPC storage facility, the ideal inventory days, and recommend the potential new storage facility to support the country in the securing its energy needs and avail the advantage of lower international petroleum price to stockpile for the country's need.

Furthermore, the study supported by ITFC is being conducted and expected to contribute to the efforts of the People's Republic of Bangladesh to address the supply-demand gap in the energy sector, integrate ITFC's trade financing facility for the BPC with the development of BPC's capacity in optimizing their inventory storage capacity, identify optimal utilization levels of petroleum products (i.e. crude oil, refined oil and LNG), and determine the present & future energy mix demand, and the import requirements of the country to facilitate the Country, especially the BPC to determine accurate import requirements, minimum petroleum holding period, automation of storage facilities to achieve efficiency and manage petroleum price volatility

Provision of Medical Equipment for Public Hospitals in Bangladesh

In view of the long-standing relationship between the Government of Bangladesh (GoB) and ITFC, the Economic Relations Division (ERD) of Bangladesh has approached ITFC to consider support in form of a grant for the provision of 5 Continuous Positive Airway Pressure (CPAP) and 12 Bi-level Positive Airway Pressure (BIPAP) machines for public hospitals in Bangladesh whose facilities are overwhelmed by the surge in COVID-19 patients, particularly for the COVID-19 patients with hypoxemic respiratory failure. As a response to the request, ITFC and ERD have signed a Grant Agreement for the Provision of Medical Equipment for Public Hospitals in Bangladesh.

The required machines, which will be procured under the grant, are expected to support the GoB's health authorities in treating critically ill COVID-19 patients whose oxygen level goes below the normal level and provide a proper treatment of such patients would ultimately minimize COVID-19 related mortality rates in the country. Furthermore, the support is also expected to strengthen the country's capacity in terms of preparedness & response to the COVID-19 pandemic by providing the appropriate treatment for the critical condition of COVID-19 patients.

Aid for Trade Initiative for Arab States (AfTIAS) Program:

The Second Phase of the Aid for Trade Initiative for the Arab States (AfTIAS 2.0) Program:

The Aid-for-Trade (AfT) agenda is one of key global initiatives aiming at strengthening the capacity of developing countries to participate in and benefit from international trade. The ITFC, as the trade financing and trade developing arm of the IsDB Group, has been part of the AfT initiative since the very beginning alongside other regional development and financial Institutions.

In that respect, and since 2012, ITFC has offered its full support to prepare and launch the Aid for Trade Initiative for the Arab States (AfTIAS) Program for the benefit of the Arab Region, as a response to a request received from the WTO Arab Group in Geneva. In this context, the 1st Phase of the AfTIAS Program was designed and implemented between 2014 and 2018, to address the spectrum of the intra-Arab trade, which remains the lowest among the regional groupings in the world. Through this phase, AfTIAS program contributed to implement a total of 28 projects in 19 Arab countries.

The last AfTIAS Board meeting held in January 2019, expressed its satisfaction on the outcomes of the AfTIAS program evaluation carried out in 2018, and which emphasized on the lessons learned, as well as the recommendations to be applied to the Program in its 2nd Phase.

The Arab Economic Summit held in Beirut (20/01/2019), adopted a decision calling upon ITFC to prepare the 2nd phase of AfTIAS in cooperation with the League of Arab States and the Arab countries.

Based on this decision, the design for AfTIAS 2.0 program was undertaken from July 2019 to February 2020, and then updated in March 2020 to take into account the changed environment and the needs arising from the COVID-19 pandemic impact on the economies of the region.

The design of AfTIAS 2.0 takes into account the key lessons learnt identified in the evaluation of the first phase of AfTIAS, in particular, firstly, the need for a strong consultative process during the design phase, the need for a clear theory of change with measurable indicators of success to be developed during the design process. Secondly, AfTIAS 2.0 should be tightly focused on areas where it would have greatest impact. Thirdly, the need for adequate financial and human resources to manage any further iteration of AfTIAS was also highlighted.

The AfTIAS 2.0 is designed to be a five-year program starting early 2021. Its development objective of which is to “enhance the environment for international trade in the Arab region by making it more efficient and inclusive, thereby creating opportunities for employment and contributing to sustainable development”. It aims at:

- 1) increasing intra-regional trade through the removal of market access barriers,
- 2) increasing the role of Arab states in global value chains, and
- 3) ensuring that the benefits of trade are shared more inclusively across all population groups, including, in particular, vulnerable groups, such as women, youth, and others.

The targeted budget of the Program, considering the large geographical scope and the COVID-19 economic impact, is US\$ 40 million.

In terms of the implementation approach, AfTIAS 2.0 Program, which is covering the trade of goods and services, will operate on the basis of the following five main facilities:

- 1) **The Trade Development and Competitiveness Facility:** It will operate on an open call basis and focus on the requests from the Arab Countries that will address specific issues related to the removal of non-tariff barriers, regional trade promotion, encouraging

enterprise innovation, increasing the technological readiness of business in the region, or supporting access to trade finance.

- 2) **The Inclusivity Support Facility:** It will also operate on an open call basis and focus on the support of different disadvantaged groups – the poor, women, youth, and refugees and internally displaced persons – to participate in value chains and international trade.
- 3) **The Regional Investment Proposal Preparation Facility (RIPPF):** It will support and reinforce the capacities of government administrations in the Arab region to prepare bankable proposals for investment financing of trade infrastructure projects.
- 4) **The Reverse Linkage Facility:** It will make use of a technical cooperation mechanism enabled by IsDB whereby Institutions in Arab countries exchange their knowledge, expertise, technology and resources to develop their capacities and devise solutions for their autonomous development.
- 5) **The Research and Surveys Facility:** It will provide research necessary for the operation of AfTIAS 2.0 by providing essential data to allow evidence-based decision making. It will also support the development of centre[s] of excellence in areas critical to AfTIAS 2.0. And finally, it will provide support to NGOs within the region as well as governments of LDCs to help them prepare high quality applications under the different open calls.

It's worth mentioning that AfTIAS 2.0 Program document was adjusted in March 2020 to be relevant in consideration of the massive impacts which COVID-19 has in the Arab region. Indeed, as a trade development program, AfTIAS 2.0 will play an important role, especially in the medium- and long-term, in the economic recovery plans.

The AfTIAS 2.0 Program Document shows how each and every facility of the program, indicated, above, can be used as an element in the COVID-19 response strategy.

Finally, the 1st AfTIAS 2.0 Program Board Meeting will be organized on 27& 28 October announcing its official launching.

International virtual exhibition for Madinah Dates:

In January 2021, under the patronage of HRH Prince Faisal bin Salman bin Abdul Aziz Al Saud, Governor of the Madinah Province, the Madinah Chamber of Commerce, and Industry (MCCI), in cooperation with the IsDB, ITFC, and the International Trade Centre (ITC), organized the first virtual exhibition to promote Saudi Arabia's dates sector, specifically in the Madinah province. Held under the AfTIAS platform, the virtual exhibition was aimed at increasing internal and external demand for the province's dates and enhancing its competitiveness on the global market. Over 35 exhibitors, dates export companies and government agencies participated in the event. More than 92 business matching meetings between exhibitors and potential buyers from targeted international dates markets were also held.

Webinar on AfTIAS 2.0:

In coordination with the League of Arab States (LAS), a high-level webinar was held on the role of the second phase of AfTIAS in mitigating the negative effects of COVID-19 on trade in the Arab region. The webinar gathered high level officials and partners, and country representatives, with discussions around the success of the first phase of the program organized from 2014 to 2018, and

the important role that the second phase of the program will play in developing intra-trade between Arab countries. Also, in attendance were heads of relevant Arab organizations and ambassadors and permanent delegates of Arab countries to the World Trade Organization (WTO), the Economic and Social Council Focal points for the League of Arab States, and the AFTIAS 2.0 focal points.

Development of the tourism sector in the Arab region

An agreement with the Arab Tourism Organization (ATO) laid down a general framework for cooperation and coordination between the two entities to support the development of the tourism sector in the Arab region, especially in view of the impact of COVID-19 on the sector. The signing took place with Dr. Bandar bin Fahd Al-Fuhaid, President ATO in the presence of H.E Mr Zayed Bin Rashid Al Zayani, Minister of Industry, Trade and Tourism in the Kingdom of Bahrain.

AFTIAS 2.0 Roundtable on post COVID-19 economic recovery through inclusive job creation

The Aid for Trade (AFT) Stocktaking Event was organized by the World Trade Organization (WTO) from 23rd to 25th of March 2021. Within the context of this occasion, the TFC organized a Round Table titled: “Aid for Trade Initiative for Arab States (AFTIAS 2.0 Program): Contributions to economic recovery post-COVID-19 through inclusive job creation.

The purpose of this session was to present and discuss the approach and implementation strategy of AFTIAS 2.0, and to raise awareness among donors for the benefits that the programme will create not only in the Arab countries but also for neighbouring regions.

West Africa SMEs Program

The West Africa (WA) SME Program is an integrated program between Trade & Business Development (T&BD) and Trade Finance (TF) designed to offset the trade finance gap for SMEs and facilitate access to finance.

The WA SME Program aims to have a positive impact both on banks and SMEs alike. For Banks, it will increase the offering of trade finance products, provide training and SMEs assessment tools to start or strengthen their SMEs lending practices. For SMEs, it will substantially increase the access to financing and build their capacity to decrease default rate on Bank loans.

The partnership between multilateral, private and public sector actors to propose various financing instruments resulted in the increase of the financing envelopes and reduced the cost of financing for SMEs. This included loans, equity guarantees and technical assistance grants.

Along with ITFC, partners include the Organisation Internationale de la Francophonie (OIF), the Délégation Générale à l’Entrepreneuriat Rapide - DER (Government of Senegal) and Coris Bank. About 200 multisector Senegalese SMEs will be selected in phases (2020 and 2021), including at least 40 SMEs led by women (20% of total SMEs), will participate in a 15-month long program that will include pre-and-post- financing support consisting of technical assistance to project preparation, submission of loan applications and post financing project follow up.

In the context of COVID-19, the project was repositioned to give priority to SMEs directly or indirectly involved in health care (digital health services, pharmacy, supply and logistic of health products, import of health products) and sectors that mitigate constraints created by interruptions of schools and closure of stores (including agroindustry and education). The combination of different financial instruments and technical assistance will help increase the financing volume at limited risk for banks and lower cost for SMEs. As of October 2021, nearly 80 SMEs were assessed by the program partners. The SMEs are trained in working capital management techniques and crisis management, which allows them to mitigate the impacts of the crisis.

Regarding the banking component, a capacity building programme was provided to support its partner banks in the region. The German consulting firm, Internationale Projekt Consult GmbH, was selected to carry out an institutional diagnostic of Coris Bank International Burkina Faso and Coris Bank International Senegal on the banks' SME finance operations, in particular SME trade finance, to propose an implementation plan to enhance lending operations with SME and to proceed with the implementation subsequently. The project work started in March 2020 and was finalized in December 2020. The IPC experts thoroughly assessed both banks' current procedural set-up, staff competencies and, hence, technical assistance needs in order to deliver efficient and profitable financial services and products to the SME segments in Burkina Faso and Senegal. On that basis, the IPC experts delivered a new SME finance-centered manual of lending policy and procedures, and together with it, templates and tools supporting bank staff and managers in the entire SME credit cycle. This package includes a scoring tool as well enhancing the SME loan demand appraisal and the credit risk analysis. The IPC experts concluded the implementation activities with a series of interactive webinar training sessions with business and risk staff of both partner institutions. Training topics included SME business development techniques, financial analysis, and credit risk assessment. The project work has been implemented successfully by the IPC experts to full satisfaction of ITFC and the partner banks.

Export Launchpad Bangladesh: International Trade Capacity Building and Market access support program:

Export Launchpad Bangladesh is a joint initiative of the ITFC and the Global Affairs Canada, through Trade Facilitation Office (TFO) Canada, in collaboration with the Business Promotion Council (BPC) Bangladesh. The project is technical assistance launched in November 2019 with two components. The first component is the Training of Trainers (ToT) for the Trade Support Institutions (TSIs) who will extend the training to the SMEs Exporters in Jute and Agri-food sector, while the second component is the training on international market access, particularly Canadian Market.

The project was aimed to develop human resources in the field of international trade while equipping the TSIs alike the BPC with the capacity to deliver trade training and support services to the existing and potential Bangladeshi exporters. The project has a goal to support the SME exporters to grow their export activities and contribute to the sustainable economic development and alleviation of poverty in Bangladesh.

Under the first component, 32 participants, where 17 are women, from 9 TSIs were trained during July and August 2020. These trainees have also successfully extended the training to 25 SMEs from Jute sector and 18 SMEs from Agri-food sectors. The successful participants were graduated during the graduation ceremony on November 28th, 2020.

The second phase is focused on preparing and strengthening the capabilities of Bangladeshi SMEs and their products in order to access the Canadian market which includes market research and market access training. The activities aim to enable the Bangladeshi SME exporters to improve their access to targeted international markets, especially Canada.

The ultimate outcome of the activity is to contribute to sustainable economic development and poverty alleviation in Bangladesh by enhancing the capacity of Trade Support Initiatives (TSIs) and the SME exporters to capitalize the opportunities in the global market, especially Canada.

INTEGRATED TRADE SOLUTIONS

-Senegal Trade Integrated Solutions: ITFC has approved a grant for the Senegalese groundnut oil processing company, SONACOS, to acquire new laboratory equipment. The technical assistance enabled SONACOS to acquire equipment that will specifically enable the company to ensure that its groundnut oil continuously meet international quality and food safety standards, and therefore be able to conquer new international markets.

-Egypt Trade Integrated Solution: The General Authority for Supply Commodities (GASC), one of main ITFC clients, was selected to benefit from ITFC integrated trade solutions in 2020. In cooperation with the Ministry of Planning and Economic Development and the Egyptian Banking Institute, ITFC developed and implemented a capacity building program for Egypt's General Authority for Supply Commodities (GASC).

The program included the implementation of three training courses dealing with commercial banking transactions related to importing goods and preparing financial statements, as well as managing commercial procedures related to receiving goods. 44 trainees from the Ministry of Supply and Internal Trade and GASC benefitted from the program.

-Indonesian Coffee Export Development Program (ICEDP)

Under its new strategy, to offer trade integrated solutions to member countries, in 2017 ITFC has implemented an integrated trade solution program to address the 2 main challenges in the Indonesian coffee industry: financing and capacity building. In the financing part, ITFC is designing a structured warehouse financing facilities for SME coffee exporters in North Sumatra to meet their working capital requirements for the export transactions. In the area of capacity building, ITFC, in collaboration with local NGOs, extended the first phase coffee farmers field training program to 349 coffee farmers in 11 villages in Karo and Dairi District, North Sumatra from 2018 till 2019. The training was designed to address the common challenges in coffee farming (i.e. lack of knowledge on good agricultural practices, lack of knowledge in organic coffee farming, poor yield, etc.) faced by the coffee farmers. The 349 trained coffee farmers were graduated in July 2019 and have been benefitted by the program and were acquired with the necessary skillsets to improve their quality and quantity of coffee yield.

In 2020, ITFC partnered with the Sustainable Coffee Platform of Indonesia (SCOPI) has successfully design and developed a 5-year program as the second phase of the integrated trade solutions. The series of training under the program are expected to enhance the capacity of Indonesian coffee farmers through the coffee farmers' Master Trainers (MTs) as the trainers and extensionist of the program to extend the training and the required knowledge into a wider reach.

Under the second phase of the program, ITFC will extend its program to North Sumatra Province and Aceh Province as 2 of the highest Arabica coffee producing provinces in Indonesia. The program is not only aiming the enhancement of the existing Master Trainers capacity, but also the identification of new Master Trainers as the extensionists who will then extend the capacity development on the good farming practices to the coffee farmers in a wider reach. The widespread training and knowledge dissemination will eventually create a wider impact for the coffee farmers, particularly to improve their farming practices to increase quality and quantity of their coffee yield, which will ultimately improve the livelihood of the coffee farmers.

TARGETED INTERVENTIONS

Reverse Linkage Project between Guinea and Tunisia: “Development of Guinean Mango and Cashew Sectors Exportation using the Value Chains Approach”

Background:

During the visit of H.E Pr. Alpha Condé, President of the Republic of Guinea to IsDB HQs in August 2017, he requested the support of ITFC in developing the export sector, particularly the agricultural products.

Following this request, the IsDB and ITFC collaborated to support Guinea for the enhancement of the value chain for exporting agricultural products through the Reverse Linkage mechanism. Tunisia was selected to be the provider of knowledge and expertise given the sound experience of Tunisian institutions in agricultural products export.

Project Goal and Objective:

The main objective of the project is to contribute to the efforts of the Government of Guinea towards developing and improving the whole value chain for exporting Mango and Cashew.

The specific objectives of the project are: (i) Strengthen the technical and organizational capacities of the institutions in charge of promoting exports of the mango and cashew; (ii) Establishment of the inter-profession for the two mango and cashew sectors and the strengthening of their capacity in the development of strategies and plans for the development of market-oriented value chain; (iii) Diversify the exportable supply of the mango sector thanks to the development of dried mango activity; (iv) Upgrade of the Guinean Packaging and Carton Society and the Kankan Packaging Station; and (v) Supporting institutions and economic operators of two value chains in the market access process and training of export advisers.

The project's components are: (i) Improving the ecosystem of the export value chain by strengthening the capacities of the export support institutions and linking the stages/components of the value chain by establishment of two the inter-professional organizations; (II) Strengthening the

value chain activities for mango preservation and processing; (iii) Providing tools and instruments for support to market access; and (iv) Coordination, communication and monitoring of project implementation.

The project was officially launched on February 26, 2020, in Conakry to be implemented over three years (2020-2022).

-Providing urgent aid to the Republic of Sudan: The ITFC extended support to Sudan to overcome the social and economic impacts of the pandemic and to limit these consequences after the damage and losses due to the flooding experienced in the country. In this critical situation, ITFC has decided to respond favorably and to allocate financial support through the Arab Organization for Agricultural Development (AOAD) to soften the negative impact of the COVID-19.

AgriTech Knowledge Sharing Webinars

ITFC and the Islamic Development Bank (IsDB) in collaboration with IsDB Group Business Forum (THIQAH) jointly held two AgriTech webinars in 2020 to explore harnessing digital tools like AI, Blockchain, IoT, Drones, Robotics etc. and techniques like Precision Farming to address food security issues and sustainable value chains.

The first webinar titled “The Role of AgriTech in Food Security & Sustainability” discussed sustainable climate-smart agricultural technologies for achieving food and nutrition security.

The webinar highlighted the most promising AgriTech solutions to enhance efficiencies of agricultural value chains at the national, regional and global level. The webinar also focused on raising environmental awareness and demonstrated AgriTech solutions that can contribute positively to preserving and restoring the environment, as well as establishing strategic partnerships among various stakeholders to materialize the applications of AgriTech solutions and good agronomic practices to advance the sector. Guest speakers were from various MDBs and banks: IsDB, Malabo Montpellier Panel, FAO, IFAD, Swiss Contact, Grow Asia, AfricInvest Group, Deniz Bank & Inoks Capital.

The second webinar titled “Agritech Digital Solutions” examined how to leverage the power of ICT application and partnerships through a panel discussion and three presentations on Paperless Trade, Digital Supply Chain Management, and IoT aiming to promote transparency and visibility throughout the Digital Supply Chain, establishing trust among financiers, producers, consumers and other stakeholders. Guest speakers represented International Chamber of Commerce’s Digital Standards Initiative, IBM, TradeLens & Bolero.

Workshop Organized by the International Islamic Trade Finance Corporation and the Central Bank of West African States (BCEAO) Explores Central Bank Digital Currencies (CBDC) and its Impact on Inter-Regional Trade 15th February 2021

In collaboration with the Central Bank of West African States (BCEAO), the International Islamic Trade Finance Corporation (ITFC), a member of the Islamic Development Bank (IsDB) Group, organized a virtual workshop on the trends and developments in CBDC and its potential impact on driving inter-regional trade between West African countries and internationally. The workshop

highlighted the growing interest of Central Banks in digital currencies across the globe and was aimed at exploring how BCEAO can adopt CBDC into its operations.

Speakers included Matthieu Saint Olive of ConsenSys; David Wray and Willy Lim of R3; Harold Bosse, Sébastien Le Callonnec, Kamran Shahin and Arn Vogels of Mastercard; Pascal Ordonneau, former CEO of HSBC Invoice Financing; and Erin English and Catherine Gu of Visa.

The experts addressed a range of topics including policy, security, legal and regulatory considerations, whilst reiterating its benefits such as greater financial inclusion, integrity and stability, operational efficiency, and monetary policy effectiveness.

First digital trade transaction successfully takes place on Bolero trade finance platform

A Cash Against Documents transaction orchestrated by ITFC was successfully completed between SOFITEX and Louis Dreyfus Company (LDC), using an electronic bill of lading issued by the CMA CGM Group, a world leader in shipping and logistics, through Bolero's digital trade finance platform for the first time.

The transaction concerned a cotton shipment originating from Burkina Faso, shipped by CMA CGM Group from the Port of Lomé in Togo. Bolero's cutting-edge platform executed the encrypted exchange of documents rapidly and smoothly, accelerating a process that would usually take weeks as parties exchanged physical documentation across Burkina Faso, Togo, Saudi Arabia, and Switzerland.

D. ITFC's Innovation Master Plan

With the current ever-changing landscape of technological products, business models and value chains, innovation is key to any firm's positioning, sustainability, economic growth. 2018 was the year to establish the mechanism and run a pilot case, which was launched at the end of Q3 2018. The pilot's theme was selected to be "How can you make ITFC offices more environmentally friendly". The pilot was successfully completed, and the winning ideas were implemented in the first half 2019.

In 2019, the innovation team focus has been on implementation of an intensive campaign on innovation culture for ITFC as culture is the make or break of innovation. In addition, the team worked to introduce an enhanced process based on the pilot case, develop and run the first official innovation season, and new Islamic trade finance product development.

Innovation in financial services has become a global industry trend and a new competition playground for banks. Therefore, ITFC will dedicate resources in the coming 3 years to develop new and adopt existing FinTech solutions, in order to establish itself as a lead innovator in Islamic trade finance solutions.